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REDACTED – FOR PUBLIC INSPECTION

November 12, 2014

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: Application of AT&T Mobility Spectrum LLC and Kaplan Telephone Company, Inc. for Consent To Assign Licenses (WT Docket No. 14-167)

Dear Ms. Dortch:

On behalf of Kaplan Telephone Company, Inc. (“Kaplan”), attached is the public version of the response (“Response”) to the Wireless Telecommunications Bureau (“WTB”) General Information Request dated October 29, 2014 (“Request”). Pursuant to the Request and the Joint Protective Order in this proceeding, this public version of the Response has been redacted for public inspection. The unredacted confidential version of the Response is being delivered today to your office under separate cover and, to the Wireless Telecommunications Bureau.

Please direct any questions regarding this Response to the undersigned.

Respectfully submitted,



Gregory W. Whiteaker
Counsel for Kaplan Telephone Company, Inc.

Enclosure

cc (via email): Kathy Harris
Scott Patrick

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November 12, 2014

VIA HAND DELIVERY

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Re: Application of AT&T Mobility Spectrum LLC and Kaplan Telephone Company, Inc. for Consent To Assign Licenses (WT Docket No. 14-167)

Dear Ms. Dortch:

Kaplan Telephone Company, Inc. (“Kaplan”) hereby responds (the “Response”) to the Wireless Telecommunications Bureau (“WTB”) General Information Request dated October 29, 2014 (“Request”).¹ The Request seeks information or documents to assist the Federal Communications Commission (“FCC” or “Commission”) to complete its review of the application in the above-referenced proceeding.

The Request calls for Kaplan to submit certain information and documents that are sensitive from a commercial, competitive, and financial perspective, and that Kaplan would not reveal in the ordinary course of business to the public or its competitors. Kaplan is submitting information and documents on a Confidential and Highly Confidential basis pursuant to the Joint Protective Order issued in this proceeding on October 29, 2014. The inadvertent inclusion of any material that is subject to an assertion of the attorney-client, attorney work-product, or other applicable privilege is not intended as a waiver of such privilege. Kaplan requests that any privileged documents inadvertently produced be returned to Kaplan as soon as such inadvertent

¹ Letter from Roger C. Sherman, Chief, Wireless Telecommunications Bureau, to Carl A. Turnley, Kaplan Telephone Company, Inc., WT Docket No. 14-167 (Oct. 29, 2014) and accompanying General Information Request.

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production is discovered by any party, and reserves all rights to seek the return of any such documents.

In the public version of the Response, Kaplan has redacted Highly Confidential Information and marked the redactions with “[BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION] . . . [END KAPLAN HIGHLY CONFIDENTIAL INFORMATION]”. The redacted Response is marked “REDACTED – FOR PUBLIC INSPECTION” and is being filed electronically in the Commission’s Electronic Comment Filing System (“ECFS”). The Highly Confidential, unredacted Response is marked “HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDERS IN WT DOCKET NO. 14-167 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION” and is being delivered to the Secretary. Additional copies of the unredacted Response are being delivered as instructed in the Request.

Any exhibit responsive to a specific request is numbered with reference to the specific request (*e.g.*, Exhibit 2.a responds to Request 2(a)). An exhibit list is provided as Exhibit A.

RESPONSES

Request:

1. Explain in detail the decision made by Kaplan to assign the Cellular B Block and Lower 700 MHz C Block spectrum that is the subject of this application to AT&T, including any attempts made to enter into a sale of this spectrum or alternative arrangements with parties other than AT&T.

Response:

Kaplan, which provides mobile wireless service under the brand names PACE or KTC PACE, operates a mobile network in only a single parish in rural Louisiana. As a standalone mobile wireless network operator, Kaplan lacks economies of scale and, like many other small wireless carriers, faces significant financial and competitive challenges. Notably, Kaplan has seen substantial reductions in roaming revenue and increases in roaming costs. [BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION]

[END KAPLAN HIGHLY CONFIDENTIAL INFORMATION] Kaplan also faces the continued phase-down and ultimate elimination of wireless Universal Service Fund (“USF”) support. Kaplan also faces substantial capital expenditures to upgrade its network to LTE in order to meet customers’ demand for fast and efficient mobile broadband service. Also, like other small carriers, Kaplan faces the challenge of timely obtaining current and in-demand mobile wireless devices.

Because of these and other challenges, over the years, Kaplan has explored numerous possible alternative arrangements to allow Kaplan to continue to offer competitively viable

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mobile wireless service. **[BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION]**

**[END KAPLAN HIGHLY
CONFIDENTIAL INFORMATION]**

In order to address these challenges, after an initial meeting and consultation in February of 2014, Kaplan engaged Alpina Capital, LLC (“Alpina”) in March of 2014, to assist in a strategic review of Kaplan’s wireless business and operations. Alpina is a FINRA-registered investment bank that has negotiated the sale of over 100 wireless system and/or spectrum transactions since 2006. In addition, one of Alpina’s Managing Partners has substantial management experience operating, constructing, and financing wireless systems in rural markets. Alpina’s review consisted of exploring cost-cutting efforts, re-positioning Kaplan’s wireless service in the market, alternatives to providing wireless service, and potentially selling the entire operating system and licenses.

[BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION]

[END KAPLAN HIGHLY CONFIDENTIAL INFORMATION]

Alpina began marketing the potential sale of the wireless properties in April of 2014, and requested that parties interested in the Kaplan properties, either all or parts thereof, submit offers by a date certain. Alpina contacted all the holders 850 MHz, PCS, 700 MHz, and AWS licenses in Louisiana, in addition to area wireline operators with wireless experience. **[BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION]**

**[END KAPLAN HIGHLY
CONFIDENTIAL INFORMATION]** During this period, Alpina worked with the prospective purchasers, answering questions regarding operations, entering into non-disclosure agreements, and generally promoting interest in the properties.

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[BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION]

[END KAPLAN HIGHLY CONFIDENTIAL INFORMATION] On August 13, 2014, Kaplan and AT&T executed a final license purchase agreement.

Request:

2. On page 5 of the Public Interest Statement, the Applicants claim that “Kaplan will continue to provide service to its subscribers, with no change in the terms and conditions of service, over an MVNO platform that operates in the Louisiana 5 – Beauregard CMA.” The Applicants further state that “Kaplan is in the process of transitioning its subscribers to this platform.” For this CMA provide:
 - a. A detailed discussion of Kaplan’s planned pre-closing transition of its subscribers to this platform, including a discussion of how Kaplan customers will be notified of the transition.
 - b. Identify the number Lifeline customers, if any, and explain Kaplan’s plan for these customers.
 - c. Provide all documents relied on in preparing the responses for 2(a) – 2(b).

Response to 2(a):

Kaplan plans to transition its customers to an MVNO platform **[BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION]**

[END KAPLAN HIGHLY CONFIDENTIAL INFORMATION] The transitioned service will be branded KTC PACE NeXgen!. **[BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION]**

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[END KAPLAN HIGHLY CONFIDENTIAL INFORMATION]

Kaplan notified its customers of the transition by sending the letter attached as Confidential Exhibit 2.a. As the transition progresses, Kaplan also plans to contact its customers via text message and telephone call to ensure that all customers are fully informed of the transition and have the opportunity to continue receiving service from Kaplan through the KTC PACE NeXgen! platform or to transition to a different provider.

Response to 2(b):

Kaplan has 32 Lifeline customers. **[BEGIN KAPLAN HIGHLY CONFIDENTIAL INFORMATION]**

[END KAPLAN HIGHLY CONFIDENTIAL INFORMATION]

Response to 2(c):

In preparing the response to Request 2(a), Kaplan relied on CONFIDENTIAL Exhibit 2.a. In preparing the response to Request 2(b), Kaplan queried its billing system to identify the number of Lifeline subscribers. Additional information or detail is available upon Commission request.

Please direct any questions regarding this Response to the undersigned.

Respectfully submitted,



Gregory W. Whiteaker
Counsel for Kaplan Telephone Company, Inc.

Enclosures

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Exhibit A – Exhibit List
(Included on the accompanying CD-ROM)

Exhibit 2.a – Customer Notification Letter – CONFIDENTIAL